

DPD 2703-59
COPY 1 OF 2

LN 603

20 April 1959

Subject: Contract BC-450

Dear Sir:

Pursuant to the agreements reached between the parties to the subject contract at the conference held at Pasadena, California on 2 March 1959, Contractor herewith submits proposed final sales rates for the period 1 February 1959 through 30 June 1959. The proposed rates and the computations thereof are attached hereto as Exhibit "A".

The hourly basic rates and the burden rates used in the computations are based upon the Maintenance and Overhaul Department actual rates for February and March 1959 and forecasted rates for April, May, and June 1959.

Many job classifications are listed for which there is no incumbent in the Maintenance and Overhaul Department. These job classifications are necessary to cover work which the Maintenance and Overhaul facility is not equipped to handle and is therefore accomplished in other departments within the company as follows:

Manufacturing Dept. - Plating, Grinding, Special Machining, etc.
Engineering Dept. - Technical Publications.
Maintenance Dept. - Sheet Metal Work, Special Packaging, etc.

The basic hourly rates of the individuals in other divisions who might be utilized on the subject contract closely parallel the basic hourly rates set forth in Exhibit "A". The average burden rates for the above departments for the first two months of the period are as follows:

Manufacturing Dept. -
Engineering Dept. -
Maintenance Dept. -

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It is not anticipated that charges originating outside of the Maintenance and Overhaul Department will exceed five percent of the total in any one month. Contractor is of the opinion that the inclusion of all listed job classifications will serve the best interests of the customer.

The job classifications listed on Exhibit "A" followed by an asterisk (*) are proposed for the month of February 1959 only after which they are to be considered as overhead charges. None of the charges from persons filling the classes so listed have been included in the overhead pool upon which the forecasted burden rate is based.

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It is the standard practice of this contractor to bill overtime premium as a direct cost rather than as part of the burden expense.

Contractor is prepared to enter into negotiations for the final settlement of the rates proposed herein at your earliest convenience. One copy of this letter and Exhibit "A" has been transmitted directly to the local cognizant auditor.

Very truly yours,

HYCON MFG. COMPANY

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RE/ms

Vice President and General Manager